

Year	Month	Inflation
2006-07	OCT	4.71
	NOV	4.21
	DEC	4.45
	JAN	4.08
	FEB	4.03
	MAR	3.85
	APR	3.88
	MAY	4.73
	JUN	5.12
	JUL	4.83
	AUG	5.12
	SEP	4.92*
	OCT	5.26*

\*Provisional.

(b) to (d) It has been the continuous effort of the Government to keep inflation under check. Accordingly, various measures have been taken recently in this direction. These include strict fiscal and monetary discipline, lowering of duties, effective management of supply and demand of essential commodities through import, strengthening of the public distribution system and curbing of export of certain commodities.

#### Unfair revision of rates on loans

1422. SHRI KALRAJ MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that most of the borrowers including home lone borrowers from Banks including the Public Sector Bank, having contracted loans at friendly rates lately found themselves in for a rude shock when the rates were of inscape clause in the loan agreement that allow them to revise the rates even in case of fixed rate loan; and

(b) if so, whether Reserve Bank of India has intervened to give just and fair terms to the borrowers, if so, the steps taken by RBI in this regards?

(THE MINISTER OF STATE IN THE MINISTRY OF FINANCE( SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has deregulated the interest rates on advances above Rs. 2 lakh w.e.f. October 18, 1994, and accordingly, the rate of interest on advances above Rs. 2 lakh are determined by the banks themselves. In order to enhance transparency

in bank's pricing of the loan products, banks have been advised to announce a Benchmark Prime Lending Rates (BPLR) taking into account (i) actual cost of funds (ii) operating expenses, and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin, with the approval of their Boards to ensure that the BPLR truly reflects the actual cost. Individual banks decide the actual rate of interest to be charged to a borrower based on their BPLR and spread guidelines. However, banks are free to charge interest without reference to their BPLR and regardless of the size in respect of consumer loans and non-priority sector personal loans including home loans. Banks also have the freedom to offer all categories of loans on floating rates by using market benchmarks in a transparent manner. Further, in keeping with the need to continue with concessionality for small borrowers, at present loans up to Rs. 2 lakh carry the prescription of not exceeding BPLR. The individual customers of the banks have the freedom to opt for the rate of interest either on floating basis or on fixed basis. Such option is required to be exercised by him/her before loan is contracted as per his/her option. Normally in the case of fixed interest rate loans, borrowers enjoy immunity from interest rate fluctuations for a fix period and thereafter there is a reset clause. The recent rates of interest for housing loans for some banks are given in the enclosed statement.

### Statement

#### Recent Rate of Interest of Banks in Housing Loans

Sl. No.	Name of the Bank	Rate of Interest(%) April-May 2006	Current Rate of Interest(%)
1.	UCO Bank	Floating 8.00 to 9.75 Fixed 8.75 to 10.25	Floating 8.50 to 10.25 Fixed 9.25 to 11.00
2.	State Bank of Bikaner & Jaipur	Floating 8.50 to 9.25 Fixed 9.25 TO 9.5	Floating 8.75 to 9.75 Fixed 9.50 to 9.75
3.	Allahabad Bank	Floating 7.50 to 8.25 Fixed 8.50 to 9.25	Floating 9.25 to 10.25 Fixed 10.25 to 11.25
4.	Punjab & Sind Bank	N.A.	9.25 to 9.75
5.	Punjab National Bank	N.A.	Floating 8.75 to 9.75 Fixed 10.00 to 11.50
6.	Central Bank of India	Floating 7.50 to 8.50 Fixed 8.00 to 9.00	Floating 8.00 to 9.25 Fixed 8.50 to 9.75
7.	State Bank of Saurashtra	Floating 7.50 to 8.25 Fixed 7.75 to 8.00	Floating 8.75 to 9.50 Fixed 9.50 to 9.75
8.	State Bank of Mysore	Floating 8.25 to 9.25 Fixed 8.75 to 9.25	Floating 8.75 to 9.75 Fixed 9.50 to 9.75